

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Deborah Taylor Tate, Director
Pat Miller, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

October 16, 2002

Mr. Robert Shackelford
Shiloh Falls Utilities, Inc.
P. O. Box 301
Counce, TN 38326

RE: Docket # 02-00289 – Compliance Audit of Shiloh Falls Utilities, Inc.

Dear Mr. Shackelford:

After receiving your responses to the data request sent to you on September 25, 2002 additional clarification is needed of these responses. Please answer the following questions. The responses should be received in this office no later than October 30, 2002.

1. It has been indicated the Company began charging a \$5.00 "O & M Fee" for customers who share a grinder pump and that these monies are to be escrowed for future repairs. On the balance sheet of Shiloh Falls Utilities for the year ending December 31, 2001 there is no accrual made for the collected funds. Why haven't the entries been made on the company's book's to reflect the liability? How much has been collected thus far? Were there any repairs made to the shared grinder pumps during 2001 or any prior periods? If so, how much was spent for these repairs?
2. In the company's approved rules and regulations no mention is made of customers having the opportunity to collectively use one grinder pump for wastewater disposal. Why were certain customers given the opportunity to share a grinder pump and others not? Are these customers affiliated with the utility? Do they have any personal or other business relationship with the owners of the utility?

Thank you for your assistance in this matter. If you should have any questions regarding this letter you may contact Butch Phillips at (800) 342-8359, ext. 183.

Sincerely,

Dan McCormac
Chief
Energy and Water Division
cep02-47shilohfalls